

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 7049

BILL NUMBER: HB 1213

DATE PREPARED: Dec 22, 2000

BILL AMENDED:

SUBJECT: Property Tax Exemptions.

FISCAL ANALYST: Bob Sigalow

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FUNDS AFFECTED: **GENERAL
DEDICATED
FEDERAL**

IMPACT: Local

Summary of Legislation: This bill provides that the property tax exemption for real property containing certain improvements that were constructed, rehabilitated, or acquired under the federal Low Income Housing Tax Credit Program applies in all counties. (Under existing law, the exemption applies only in Marion County.) The bill also provides that for counties other than Marion County, the payments in lieu of taxes are distributed in the same manner as if they were property taxes being distributed to taxing units in the county. (In Marion County, the payments are distributed to a Housing Trust Fund.)

Effective Date: July 1, 2001; January 1, 2002.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: This proposal would exempt from taxation real property located in any county other than Marion and owned by an Indiana corporation if the improvements were constructed, rehabilitated, or acquired to provide low income housing; the property is subject to an extended use agreement; and the owner agrees to make payments in lieu of taxes (PILOTS). (Marion County has a similar exemption available under current law). With the approval of the property owner, the county fiscal body may, under this proposal, adopt an ordinance requiring that the property owner pay PILOTS. The payments would be equal to the taxes that would have been levied on the property if it were not exempt. These payments would be distributed to local taxing units as if they were property tax.

Total local revenues would increase under this proposal. When assessed value is added to the tax base, the property tax levy remains the same but tax rates are reduced. In this case, the removal (or non-addition) of

valuation to the property tax rolls would have the effect of increasing (or not reducing) the tax rates. The PILOTS generated by this property would be considered miscellaneous revenue and would be collected outside of any levy limitations. The actual fiscal impact depends on the number and location of projects approved under this proposal.

State Agencies Affected:

Local Agencies Affected: County fiscal bodies; local civil units, and school corporations.

Information Sources: